Management's Discussion and Analysis

For the three-months ended December 31, 2025

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Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Calian Group Ltd. ("Calian" or the "Company") is dated February 11, 2026 and should be read in conjunction with the Unaudited Interim Condensed Consolidated Financial Statements and related notes of the Company for the three-month period ended December 31, 2025.

The Company's Unaudited Interim Condensed Consolidated Financial Statements are reported in Canadian dollars and are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). All amounts in this MD&A are in thousands of Canadian dollars unless otherwise indicated. All amounts in this MD&A are unaudited.

This MD&A also contains non-GAAP and other financial measures which are not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors ("the Board") of the Company. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board carries out this responsibility principally through its Audit Committee.

Additional information, including the Company's Annual Information Form, quarterly and annual reports, and supplementary information is available on the SEDAR web site at www.sedarplus.ca. Press releases and other information are also available in the Investor Relations section of the Company's website at www.calian.com.

Forward-Looking Statements

The Company cautions that this MD&A contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements").

Forward-looking statements include those identified by the expressions "anticipate," "believe," "plan," "estimate," "expect," "intend," "will", "should", "project", "forecast", "aim", "target", "may", "might", "could", "likely", "to" and similar expressions. Forward-looking statements are not based on historical facts, but instead reflect the Company's current intentions, plans, expectations, and assumptions regarding future results or events which may prove to be inaccurate. Forward-looking statements in this MD&A include, but are not limited to, statements about the manner in which the Company intends to achieve and maintain growth, management's expectations for the markets in which the Company provides its services, competition to be faced by the Company and expectations for certain customer projects described herein including expected timing of completion for certain projects.

Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes.

Forward-looking statements are based on assumptions, including assumptions as to the following factors:

- Customer demand for the Company's products and services;
- The Company's ability to maintain and enhance customer relationships;
- Market conditions, including current challenging macroeconomic and geopolitical environments in which the Company operates, such as the uncertainty around the potential imposition of new duties, tariffs and other trade restrictions (and any retaliatory measures) and how this would affect the outlooks for economic growth, consumer spending, inflation and the Canadian dollar;
- Levels and timing of government spending;
- The Company's ability to bring to market products and services;
- The Company's ability to execute on its acquisition program including successful integration of previously acquired businesses;
- The Company's ability to deliver to customers throughout any worldwide conflict zones, and any government regulations limiting business activities within such areas; and
- The Company's ability to successfully and efficiently manage through supply chain challenges, in sourcing and procuring goods used in production or for delivery to end customers.

The Company cautions that the forward-looking statements in this MD&A are based on current expectations as at February 11, 2026, that may be subject to change and to risks and uncertainties, including those set out under the heading "Risks and Uncertainties" below, many of which are outside the Company's control.

Actual results may materially differ from those anticipated in those forward-looking statements if any of these risks or uncertainties materialize, or if assumptions underlying forward-looking statements prove incorrect.

Additional information identifying risks and uncertainties is contained in the Company's filings with securities regulators. The Company does not assume any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers should not place undue reliance on the Company's forward-looking statements.

Calian's Business

Profile

Calian is a mission-critical solutions company focused on defence, space, healthcare and other strategic critical infrastructure sectors. For over 40 years, Calian has delivered mission-critical solutions when failure is not an option. Trusted worldwide, we empower organizations in critical industries to overcome obstacles, manage risks and drive progress. By combining the expertise of our people, proven industry insight, cutting-edge technology, bold innovation, and global reach, we deliver tailored solutions that solve complex challenges. Headquartered in Ottawa, Canada, with over 6,000 people around the world, Calian's solutions protect lives, strengthen security, foster global connectivity and drive economic progress, making a lasting impact where and when it matters most. The Company's common shares are listed on the Toronto Stock Exchange under the symbol CGY.

Operating Segments

In the current year, the Company restructured its segments to align the internal structure with the go-to-market strategy of the Company. In order to capitalize on demand and better service our customers, we have structured the organization into two segments: Defence & Space and Essential Industries. The two segments comprise the following activities:

- <u>Defence & Space</u>**:** This segment includes: Defence training, Defence manufacturing, Defence healthcare, Space and Terrestrial products, IT and Cyber Defence & Security, including infrastructure modernization for Defence based customers, as well as Composites and GNSS.
- <u>Essential Industries</u>**:** This segment includes Commercial healthcare, IT Commercial cybersecurity, Managed services and infrastructure modernization for commercial customers, Nuclear and AgTech.

This new structure brings Calian's capabilities together under a simpler, stronger model that mirrors how the Company's customers think, buy and expect solutions to come together. It is designed to bring the right ingredients into one place: technology, expertise, delivery and customer insight. By aligning these strengths, Calian can build integrated solutions faster, collaborate more effectively and scale its impact. This realignment is a deliberate step in Calian's long-term growth strategy, building on the Company's strengths and enhancing its ability to deliver mission-critical solutions.

Note that Calian is currently exploring the divestiture of non-core assets that are not aligned with its key markets in order to increase focus on its core capabilities.

Mission: Calian helps the world communicate, innovate, learn and lead safe and healthy lives.

Culture: Every Calian employee brings their “A” game for every client, works hard and works together using collaboration to powerful advantage. Calian attracts and challenges great people and great partners.

Values: Customer-first Commitment, teamwork, integrity, innovation and respect

Strategy

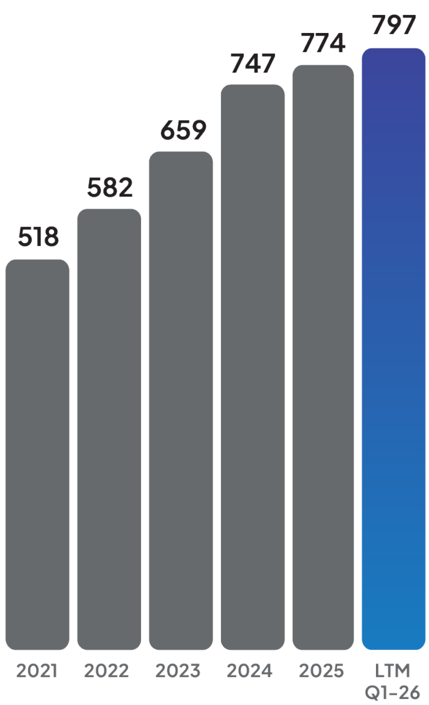
Growth Fundamentals and Track Record

5-Year Track Record of Execution

Over the past five years, Calian generated a revenue compound annual growth rate (CAGR) of 11% through organic growth and acquisitions. The Company also increased its gross profit and adjusted EBITDA[1,2], which grew at a CAGR of 20% and 9%, respectively. Furthermore, its gross margin expanded from 24.4% in FY21 to 33.5% in FY25 and its adjusted EBITDA[1,2] margins expanded from 10.8% in FY21 to a high of 12.3% in FY24 and down to 10.1% in FY25. This performance was driven by the Company's revenue diversification by geography, customer and offering.

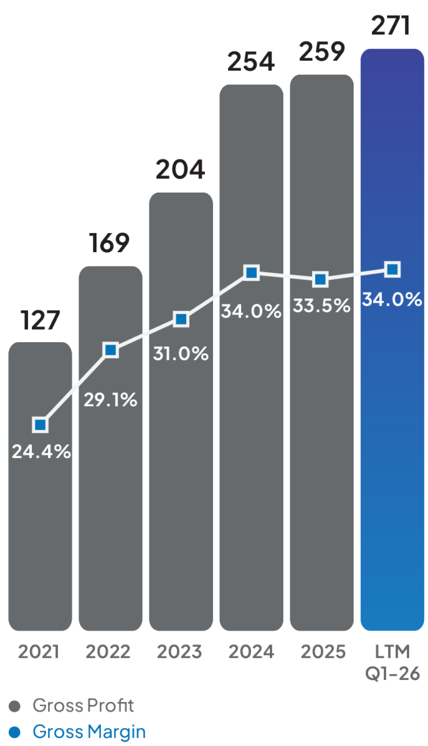
Revenues

(in millions of $)



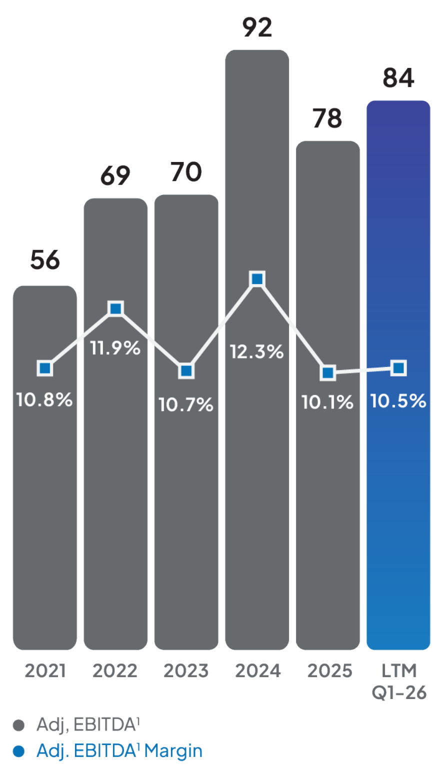
Gross Profit & Margin

(in millions of $, except margin)



Adj. EBITDA[1,2] & Margin[1,2]

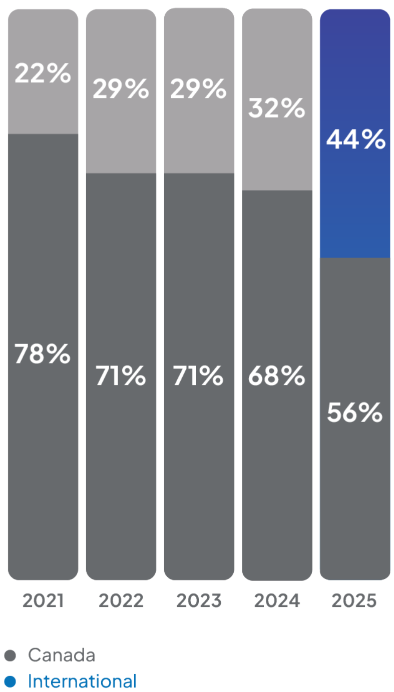
(in millions of $, except margin)



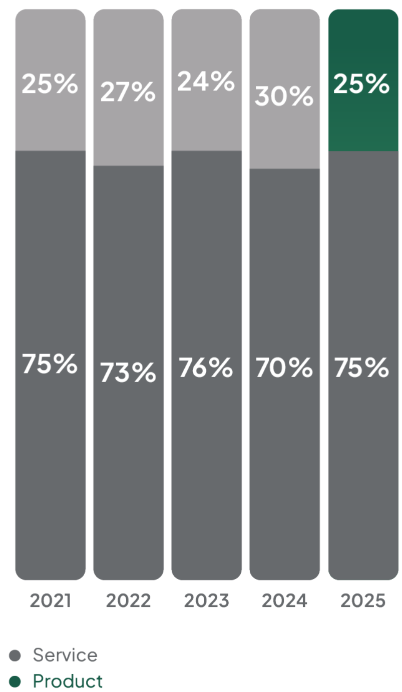
Calian has been successful in diversifying its revenue streams by geography, customer and offering. In FY25, revenues generated outside Canada reached 44% of total revenues, up from 22% in FY21. Over this same period, revenues from commercial customers, typically at higher margins, grew from $254 million to $370 million. The Company was able to accomplish this while continuing to grow its legacy Canadian government business characterized by long-term contracts. A continued balance of both government and commercial customers provides a balance of longer-term visibility and stability, with shorter term growth and margins.

Finally, in FY25, product revenues totaled $195 million, up 48% from $132 million in FY21, demonstrating the Company's continued deployment and growth of its product sales.

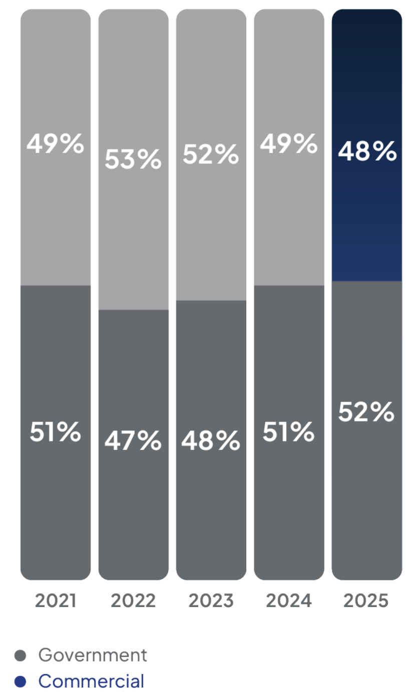
Geography



Offering



Customer



Calian has made significant progress in diversifying its revenue streams beyond Canadian government customers. To mitigate any potential risk with Canadian government spending reductions and to drive growth, the Company strategically expanded its footprint and offerings to attract commercial customers globally, as well as government clients in Europe. As a result of these efforts, the proportion of revenue derived from government sources has decreased from close to 70% in fiscal year 2019 to 52% in fiscal year 2025, reflecting the Company's success in growing its product business while continuing growth in its services.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

[2] Certain comparative figures have been reclassified to align with the current year's presentation. For more information, please see the Selected Quarterly Financial Data section of this management discussion and analysis.

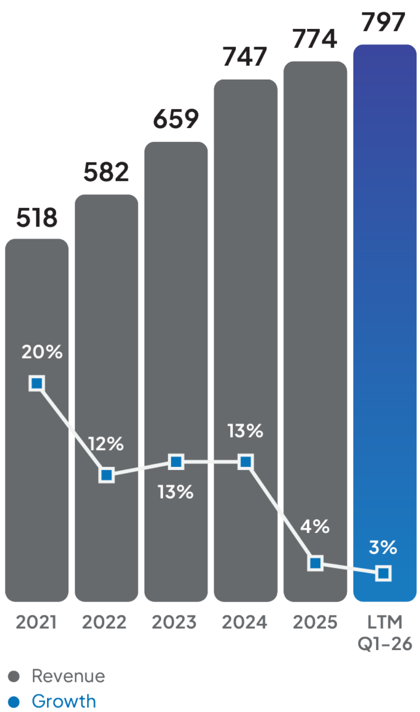
Key Performance Indicators

The graphs below illustrate the five-year trends of the Company's key performance indicators.

Key Performance Indicators

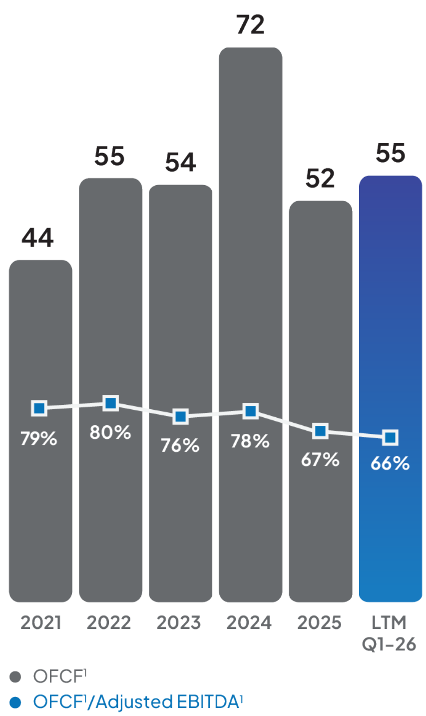
Revenue & Revenue Growth

(in millions of $, except %)



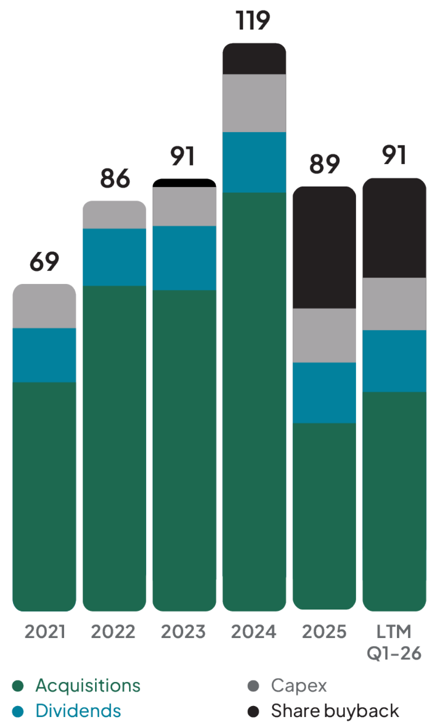
Operating Free Cash Flow (OFCF[1,2]) & OFCF Conversion

(in millions of $, except ratio)



Capital Deployed

(in millions of $)



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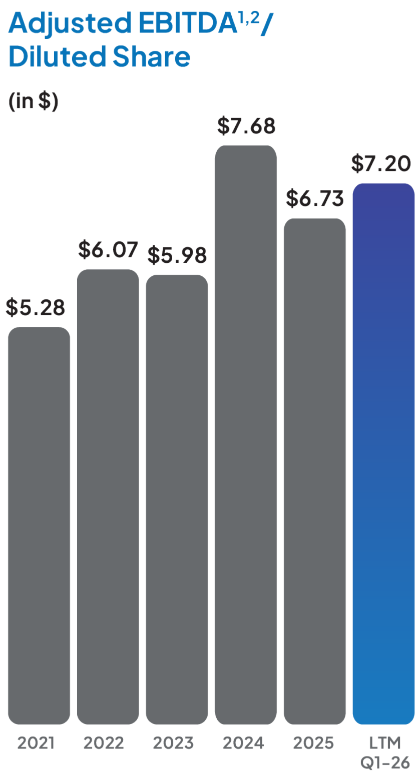
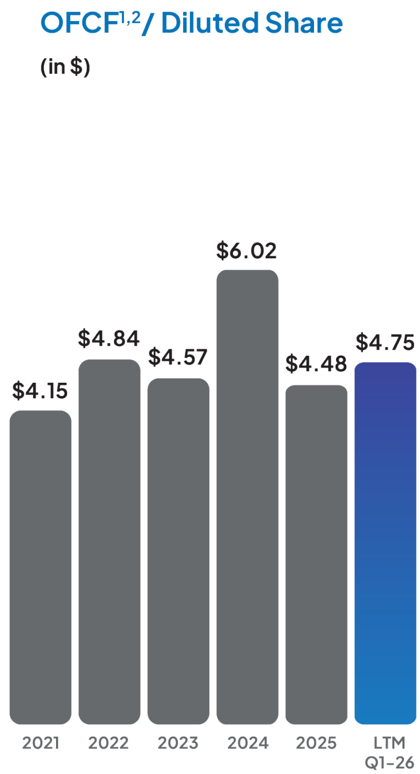
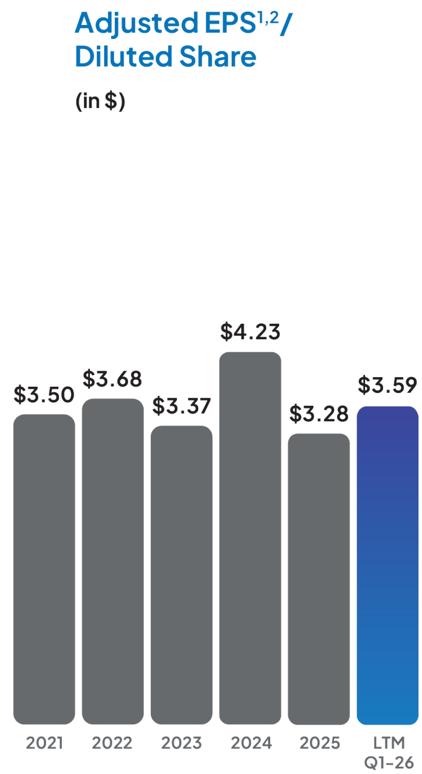
The Company also wants to ensure that it analyzes the success of its execution through a shareholder lens. As such, it monitors adjusted EBITDA[1] per diluted share, Operating Free Cash Flow[1] per diluted share and Adjusted EPS[1] per diluted share.







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[2] Certain comparative figures have been reclassified to align with the current year's presentation. For more information, please see the Selected Quarterly Financial Data section of this management discussion and analysis.

Market Conditions

Recent geopolitical developments and shifting priorities, particularly in Canada and allied nations, are creating a favorable investment climate for defence-related solutions, with anticipated increases in government spending driving strong market conditions. This environment aligns well with Calian's strengths, as the Company's Defence Operational Readiness Platform offers a comprehensive suite of services—including training, IT infrastructure, health services, cybersecurity, space communications, and electronic manufacturing—supported by decades of proven performance. As governments commit to higher defence budgets and prioritize operational readiness, Calian is strategically positioned to benefit from these trends by leveraging its established capabilities, expanding its capacity to deliver at scale, and capitalizing on a robust pipeline of opportunities in both Canadian and European markets, which is expected to drive sustained revenue growth and long-term value creation.

As we review the Company's range of products and services, it is evident that several other markets in which the Company is active are experiencing significant demand. Globally, both governmental and commercial clients are fueling a competitive surge, often referred to as a 'space race,' with heightened interest in low earth orbit (LEO) satellites and deep space exploration leading to greater market opportunities. Additionally, healthcare requirements have reached unprecedented levels across Canada, especially in the northern regions, where the Canadian government is expanding its Arctic initiatives.

Overview – First Quarter of FY26

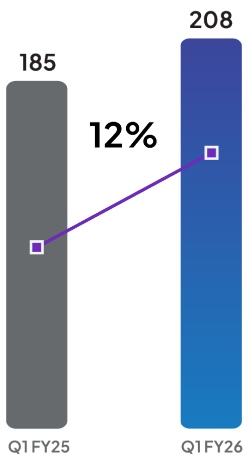
Revenues increased 12% to $208.0 million, as compared to $185.0 million for the same period last year. This represents a record high quarterly revenue for the Company. Acquisitive and organic revenue growth were both 6% when compared to the same quarter of the prior year. The Company measures its acquisitive growth using the revenues generated in the acquired entities in the same quarter of the prior year for which they were not considered in the Company's consolidated results.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

[3] Net liquidity is defined as the Company's total available credit under its credit facility less its net debt.

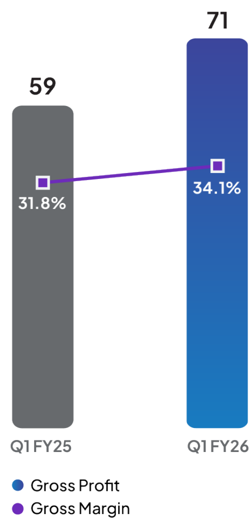
Revenues

(in millions of $)



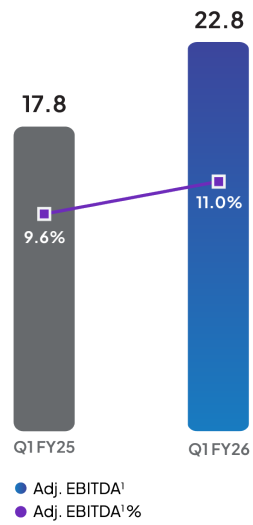
Gross profit & Gross margin %

(in millions of $, except margin)



Adj. EBITDA[1,2] & Adj. EBITDA[1,2] %

(in millions of $, except margin)



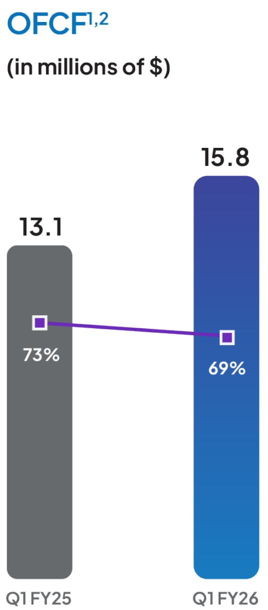
Gross profit increased by 21%, to $70.9 million, as compared to $58.8 million for the same period last year. This represents a record high quarterly gross profit for the Company. Similarly, gross margin increased from 31.8% to 34.1%. Adjusted EBITDA[1] increased by 28% to $22.8 million, significantly outpacing top line growth. In line with this performance, adjusted EBITDA[1] margins improved from 9.6% to 11.0%.

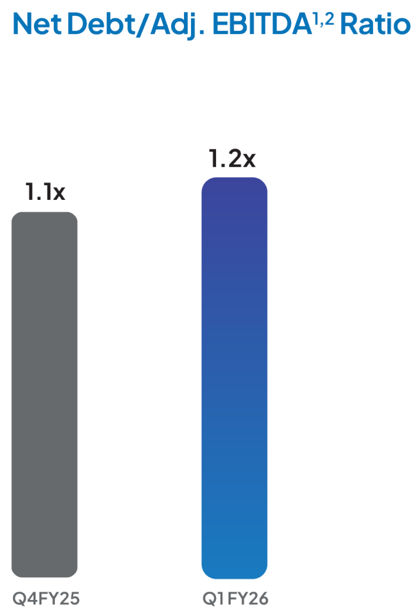
Calian generated $15.8 million of operating free cash flow[1], up from $13.1 million for the same period last year, representing a conversion from adjusted EBITDA[1] of 69% and 73%, respectively. The Company used its cash and a portion of its credit facility to complete acquisitions or pay earn out liabilities ($18.2 million), provide a return to shareholders in the form of dividends ($3.2 million) and make capital expenditure investments ($2.0 million).

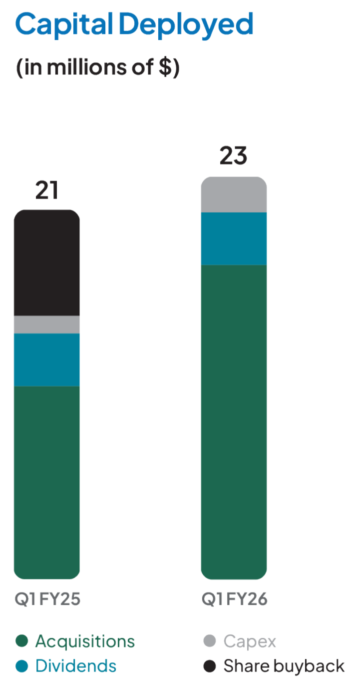
The Company ended the quarter with net debt[1] of $102.1 million, which on a trailing twelve-month basis represents a net debt to adjusted EBITDA[1] ratio of 1.2x. With cash on hand of $62.6 million, combined with the unused portion of its credit facility, Calian ended the quarter with net liquidity[3] of $97.9 million.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

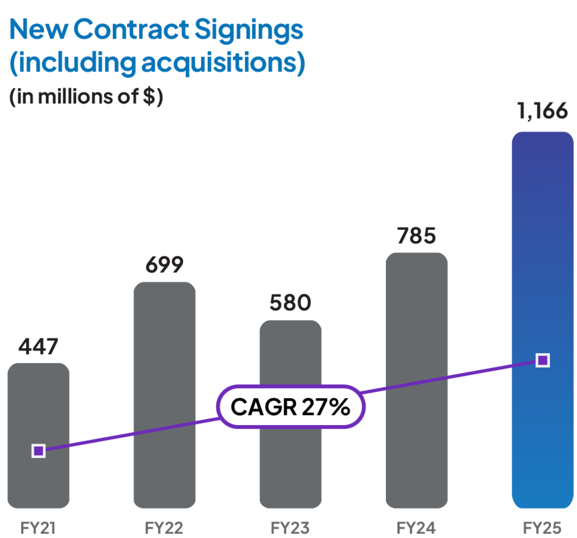
[3] Net liquidity is defined as the Company's total available credit under its credit facility less its net debt.

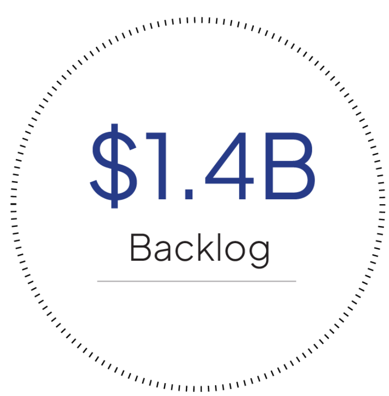






Calian signed gross new contract value of $171 million in the three months ended December 31, 2025, and ended the quarter with a realizable backlog of $1.4 billion.





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Consolidated Results

Selected Consolidated Financial Highlights

	Three months ended December 31, 2025,	
	2025	2024
Revenues	$ 208,000	$ 185,047
Gross profit	**70,903**	**58,801**
Gross profit margin (%)	34 %	32 %
Adjusted EBITDA[1]	**$ 22,815**	**$ 17,800**
Share based compensation	1,012	1,091
Restructuring expense	419	692
Depreciation and amortization	11,005	11,540
Mergers and acquisition costs	1,018	2,320
Profit before interest and income tax expense	**$ 9,361**	**$ 2,157**
Interest expense	2,216	1,783
Income tax expense	2,048	1,350
NET PROFIT (LOSS)	**$ 5,097**	**$ (976)**
EPS - Basic	0.45	(0.08)
EPS - Diluted	0.44	(0.08)
Adjusted net profit[1]	**$ 11,770**	**$ 8,408**
Adjusted EPS[1] - Basic	1.03	0.71
Adjusted EPS[1] - Diluted	1.03	0.71

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Analysis of Consolidated Results – Three Months ended December 31, 2025

Revenue

For the three-month period ended December 31, 2025, consolidated revenues increased 12% to $208,000, compared to $185,047 for the same period last year. Acquisitive growth was 6%, generated from the acquisitions of Advanced Medical Solutions completed in May 2025 and Infield Scientific Inc. ("InField Scientific") closed in October 2025. Organic revenue growth was 6%, driven by both Defence & Space and Essential Industries segments.

Defence & Space

For the three-month period ended December 31, 2025, Defence & Space revenues increased 10% to $138,595, driven primarily by ongoing tailwinds in Defence healthcare and training, and to a lesser extent, increased traction from various space products and services. In addition, the segment benefited from a small contribution from the acquisition of Infield Scientific.

Essential Industries

For the three-month period ended December 31, 2025, Essential Industries revenues increased 19% to $69,405, primarily driven by the acquisition of Advanced Medical Solutions and, to a lesser extent, momentum across a number of offerings within the segment.

Gross Profit

For the three-month period ended December 31, 2025, gross profit increased 21%, to $70,903, compared to $58,801 for the same period last year. This increase was driven by revenue growth, changes in revenue mix and contributions from acquisitions. Gross margin was 34.1%, up from 31.8% for the same period last year.

Adjusted EBITDA[1]

For the three-month period ended December 31, 2025, consolidated adjusted EBITDA[1] increased by 28% to $22,815, compared to $17,800 for the same period last year. This growth was driven by both Defence & Space and Essential Industries segments, for the same reasons mentioned above. As a result, adjusted EBITDA[1] margin increased to 11.0%, from 9.6% for the same period last year.

Defence & Space

For the three-month period ended December 31, 2025, adjusted EBITDA[1] increased 31% to $32,209, driven by defence tailwinds and various space products and services. Similarly, its adjusted EBITDA[1] margin increased to 23%, from 19%, due to the additional volume in revenue, a shift in product mix and higher utilization of staff.

Essential Industries

For the three-month period ended December 31, 2025, adjusted EBITDA[1] increased 28% to $4,302, driven by additional contribution from revenue increases and cost reductions in certain areas of the segment. This was offset by certain one time costs incurred in the current quarter. Its adjusted EBITDA[1] margin stayed consistent at 6%.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Corporate Services

Corporate Services includes shared costs or costs that are not directly attributable to the segments. These costs include information systems support, human resources, finance, marketing, public company costs, employee development programs, corporate development and ESG related costs. Costs have increased over the prior year due to increased headcount related costs, increased public company related costs and certain one time costs.

Depreciation and Amortization

For the three month period ended December 31, 2025, depreciation of property, plant and equipment stood at $2,764, an increase of 7%, from the same period last year. This increase is primarily due to assets acquired through acquisitions closed in the last 12 months.

For the three month period ended December 31, 2025, depreciation of right of use assets increased $240 compared to the same period last year. This increase is mainly due to leases brought on from recent acquisitions, coupled with new leases signed in the last twelve months.

For the three month period ended December 31, 2025, amortization of acquired intangible assets decreased 13%, compared to the same period last year. This decrease is primarily due to the certain intangibles being fully amortized in the current year, offset by increases due to acquired intangible assets from the recent acquisitions of Advanced Medical Solutions and Infield Scientific.

Restructuring Expense

For the three month period ended December 31, 2025, the Company recorded restructuring charges of $419, compared to $692 recorded in the same period of the prior year. The Company continues to evaluate its expenses, capacity and performance throughout the organization for which employee restructuring may be required from time to time.

Mergers and acquisition expense[2]

For the three month period ended December 31, 2025, deemed compensation decreased by $1,224, compared to the same period last year. This decrease is due to deemed compensation amounts applicable under the acquisition agreements for Mabway and HPT which ceased in the prior fiscal year.

For the three month period ended December 31, 2025, changes in fair value related to contingent earn-out expense amount decreased by $458 when compared to the same period last year. This decrease is attributable to lower outstanding contingent earn out liabilities in the current year.

The change in fair value of contingent payments and deemed compensation is explained further in notes 17, 18 and 19 of the unaudited interim condensed consolidated financial statements.

Interest expense

For the three month period ended December 31, 2025, interest expense increased by $433, compared to the same period last year. This increase is due to the Company utilizing more of its credit facility in the current fiscal year along with interest costs relating to right of use liabilities increases over the prior year as total leased space has increased.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Income Tax Expense

For the three month period ended December 31, 2025, income tax expense was $2,048, an increase of $698 compared to the expense in the same period last year. This is primarily due to higher taxable income in the current quarter.

Net Profit and Adjusted Net Profit

For the three month period ended December 31, 2025, net profit was $5,097, or $0.44 per diluted share, versus a net loss of $976, or $(0.08) per diluted share, for the same period last year. The increase in profitability is primarily related to higher Adjusted EBITDA[1] and lower mergers and acquisition costs, offset by higher taxes and interest charges. Adjusted net profit[1] was $11,770, or $1.03 per diluted share, versus $8,408, or $0.71 per diluted share, for the same period last year as the Company generated more Adjusted EBITDA[1] in the current period.

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Selected Quarterly Financial Data

The Company's operations are subject to some quarterly seasonality due to the timing of vacation periods, statutory holidays, industry-specific seasonal cycles and the timing and delivery of milestones for significant projects. The Company's first and third quarters are affected by business specific cycles, along with working days, statutory holidays and vacation periods impacting the Company's delivery teams contributing to lower service revenues. This seasonality may not be apparent in the overall results of the Company, depending on the impact of the realized sales mix of its various projects. The following table sets forth selected financial information for the Company's past eight quarters.

(Canadian dollars in millions, except per share data)

	Q1/26	Q4/25	Q3/25	Q2/25	Q1/25	Q4/24	Q3/24	Q2/24
Revenue	$ 208.0	$ 203.2	$ 192.2	$ 193.6	$ 185.0	$ 181.2	$ 185.1	$ 201.3
Cost of revenue	137.1	134.2	125.4	129.0	126.2	117.2	123.2	131.2
Gross profit	70.9	69.0	66.8	64.6	58.8	64.0	61.9	70.1
Selling, general, and administrative	45.8	41.8	44.7	44.5	38.1	37.1	38.5	40.2
Research and development	2.3	2.9	3.2	2.8	2.9	3.1	3.5	2.7
Share based compensation	1.0	1.1	1.4	0.9	1.1	0.7	1.4	1.1
Profit before under noted items	21.8	23.2	17.5	16.4	16.7	23.1	18.5	26.1
Restructuring expense	0.5	1.2	1.4	0.4	0.7	0.3	—	1.5
Depreciation and amortization	11.0	12.0	11.6	11.4	11.5	12.0	10.8	10.2
Mergers and acquisition costs	1.0	(15.9)	1.1	2.4	2.3	4.7	3.3	5.3
Other changes in fair value	—	(0.4)	—	—	—	(0.2)	—	—
Profit before interest and income tax expense	9.3	26.3	3.4	2.2	2.2	6.3	4.4	9.1
Interest expense	2.2	2.8	1.9	2.1	1.8	2.0	1.4	1.8
Income tax expense	2.0	2.8	0.9	(0.2)	1.4	4.9	1.7	2.4
Net profit (loss)	5.1	20.7	0.6	0.3	(1.0)	(0.6)	1.3	4.9
Weighted average shares outstanding - Basic	11.4M	11.5M	11.5M	11.8M	11.8M	11.8M	11.9M	11.8M
Weighted average shares outstanding - Diluted	11.4M	11.9M	11.9M	11.9M	11.9M	12.0M	12.0M	12.0M
Net profit (loss) per share								
Basic	$ 0.45	$ 1.82	$ 0.05	$ 0.03	$ (0.08)	$ (0.05)	$ 0.11	$ 0.42
Diluted	$ 0.44	$ 1.80	$ 0.05	$ 0.02	$ (0.08)	$ (0.05)	$ 0.11	$ 0.41
Adjusted EBITDA[1] per share								
Basic	$ 2.00	$ 2.14	$ 1.65	$ 1.48	$ 1.51	$ 2.01	$ 1.68	$ 2.29
Diluted	$ 1.99	$ 2.12	$ 1.63	$ 1.46	$ 1.49	$ 1.98	$ 1.65	$ 2.26

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Backlog

The Company's realizable backlog at December 31, 2025 was $1,425 million with terms extending to fiscal 2030. Contracted backlog represents maximum potential revenues expected to be earned on signed contracts, whereas option renewals represent customers' options to further extend existing contracts under similar terms and conditions.

During the three month period ended December 31, 2025 the following contracts were the major contributors to the Company's backlog. These contracts are further described in the business overview section of this Management Discussion and Analysis.

- over $50 million in signings or cyber security offerings.
- a contract for over $30 million to deliver QV Band Gateways for Two Geostationary Satellites.
- over $30 million in additional signings across the Space division.
- $14 million in GNSS product signings.
- $13 million added with the acquisition of InField Scientific .

There were no material contracts that were cancelled unexpectedly that would have resulted in a significant decrease in our backlog.

Most fee-for-service contracts provide the customer with the ability to adjust the timing and level of effort throughout the contract life and as such the amount actually realized could be materially different from the original contract value. The following table represents management's best estimate of the backlog realization based on management's current visibility into customers' existing requirements.

Management's estimate of the realizable portion (current utilization rates and known customer requirements) is less than the total value of signed contracts and related options by approximately $238 million. The Company's policy is to reduce the reported contracted backlog once it receives confirmation from the customer that indicates the utilization of the full contract value may not materialize.

Contracted Backlog as of December 31, 2025

Contracted backlog	$	1,163,696
Option renewals		499,675
	$	1,663,371
Management estimate of unrealizable portion		(238,115)
Estimated Realizable Backlog	$	1,425,256

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Financial Position

Working capital as a percentage of trailing twelve month revenue has increased to 10.0% at December 31, 2025 versus 8.5% for the same period of the prior year which is primarily a result of the working capital acquired through recent acquisitions.

Assets

As at December 31, 2025, total assets stood at $750,512, versus $721,500 as at September 30, 2025. The increase is a result of assets acquired in the current year through InField Scientific including goodwill, an increase in cash and prepaid expenses and other, offset by a decrease in property assets, right of use assets and intangible assets due to amortization in the current period.

As at December 31, 2025, cash and cash equivalents were $62,636, compared to $46,101 at September 30, 2025.

Liabilities

As at December 31, 2025, total liabilities stood at $428,519, versus $400,219 as at September 30, 2025. The increase is primarily due to increases in the Company's debt facility.

As at December 31, 2025, Calian had net debt[1] of $102,114 and its net debt[1] to trailing twelve month adjusted EBITDA[1] ratio was 1.2x, well below its maximum threshold of 2.5x. As at December 31, 2025, the Company was in full compliance with its debt covenants.

At the end of September, the Company renewed and expanded its debt facility. The new three-year term revolving credit facility totals $350 million, including a committed amount of $200 million, combined with an uncommitted accordion feature of up to $150 million.

Management believes that the Company has sufficient cash resources to continue to finance its working capital requirements and pay a quarterly dividend. There were no off-balance sheet arrangements as at December 31, 2025.

Related Party Transactions

The Company did not have any transactions with a related party for the three month period ended December 31, 2025.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Shareholders' Equity

On August 26, 2025, the TSX accepted Calian's Notice of Intention to make a normal course issuer bid ("NCIB") to purchase for cancellation up to 796,283 common shares during the 12-month period commencing September 1, 2025 and ended August 31, 2026, representing approximately 10% of the public float of its common shares as at August 15, 2025.

No repurchases occurred in the three-month period ended December 31, 2025.

The Company has entered into an automatic share purchase plan ("ASPP") to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. As at December 31, 2025 (September 30, 2025), an obligation for the repurchase of shares of $1,972 ($2,720) was recognized as an accrued liability, as instructions were provided to the Company's broker to continue making purchases during the current blackout period in accordance with the ASPP.

Share Capital

As at December 31, 2025, the capital stock issued and outstanding of the Company consisted of 11,414,163 common shares (11,765,055 as at December 31, 2024).

The following table presents the outstanding capital stock activity for the three month periods ended December 31, 2025 and December 31, 2024.

	December 31, 2025	December 31, 2024
Balance October 1	11,350,168	11,802,364
Shares issued under employee share plans	53,060	50,394
Shares issued under employee share purchase plan	10,935	13,647
Shares issued through acquisition	—	—
Shares cancelled through NCIB program	—	(101,350)
Issued capital	11,414,163	11,765,055
Weighted average number of common shares – basic	11,379,277	11,773,465
Weighted average number of common shares – diluted	11,440,805	11,917,359

[1] Refer to the section entitled "Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures" of this MD&A for an explanation of the non-GAAP measure.

Liquidity and Capital Resources

The following table provides selected information from the cash flow statement.

	Three months ended December 31, 2025	2024
Net profit (loss)	$ 5,097	$ (976)
Items not affecting cash:	16,720	17,885
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	21,817	16,909
Change in non-cash working capital	(8,014)	(8,479)
Interest and income tax paid	(6,636)	(4,048)
CASH FLOWS FROM OPERATING ACTIVITIES	7,167	4,382
Dividends	(3,195)	(3,292)
Net draw on debt facility	34,000	26,000
Repurchase of common shares	—	(4,926)
Other	(1,223)	(561)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	29,582	17,221
Business acquisitions	(18,184)	(11,215)
Property, plant and equipment	(2,030)	(1,136)
CASH FLOWS USED IN INVESTING ACTIVITIES	(20,214)	(12,351)
NET CASH INFLOW	$ 16,535	$ 9,252
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	46,101	51,788
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 62,636	$ 61,040

Operating Activities

For the three month period ended December 31, 2025, cash flows generated from operating activities amounted to $7,167, compared to $4,382 for the same period last year. Cash generated from operating activities increased due to higher profitability, partially offset and interest and income tax payments.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Financing Activities

For the three month period ended December 31, 2025, financing activities increased cash by $29,582, mainly due to draws of our credit facility of $34,000, offset by outflows for dividends of $3,195 and lease payments of $1,599. For the three month period ended December 31, 2024, financing activities increased cash by $17,221 due to draws on our credit facility of $26,000, offset by outflows for dividend payments of $3,292, repurchases of common shares in the amount of $4,926 and lease payments of $1,442.

On September 29, 2025, the Company signed an amended debt facility that provides the Company with the ability to draw up to $200,000 CAD and an accordion feature of up to $150,000 CAD. The agreement has a three year term, which will mature on September 29, 2028.

Note that Calian intends to continue to declare a quarterly dividend in line with its overall financial performance and cash flow generation. Decisions on dividend payments are made on a quarterly basis by the Board of Directors. There can be no assurance as to the amount of such dividends in the future.

Investing Activities

For the three month period ended December 31, 2025, investing activities decreased cash by $20,214 due to the acquisition of InField Scientific, a payment in relation to the second year earn out of HPT, and capital purchases. For the three month period ended December 31, 2024, investing activities decreased cash by $12,351 due to capital purchases and the payment of the first year contingent earn out of HPT.

For further information of acquisition and earn-out payments for the three month period please see note 17 and 19 of the December 31, 2025 unaudited interim condensed consolidated financial statements.

Operating Free Cash Flow

Calian generated $15.8 million of operating free cash flow[1], up from $13.1 million for the same period last year, representing a conversion from adjusted EBITDA[1] of 69% and 73%, respectively. The increase in operating free cash flow is due to greater cash profitability in the current quarter. The decrease in operating free cash flow conversion is due to higher interest expense and tax payments in the current year quarter.

Financial instruments and Risk Management

We recognize financial assets and liabilities when we become party to the contractual provisions of the instrument. The carrying amounts of accounts receivable, accounts payable and accrued liabilities are recorded at amortized cost and approximate fair value due to the short-term nature of these balances. The Company's debt facility is on a revolver and is recorded at amortized cost. The Company utilized forward exchange contracts to hedge some of their risk related to currency fluctuations. These contracts are recognized at fair value which represents the difference between the hedge rate and the exchange rate at the end of the reporting period. For more information regarding financial instruments please see the unaudited interim condensed financial statements of the Company in note 16.

[1] Refer to the section entitled “Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures” of this MD&A for an explanation of the non-GAAP measure.

Reconciliation of Non-GAAP Measures to Most Comparable IFRS Measures

These non-GAAP measures are mainly derived from the consolidated Financial Statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. The exclusion of certain items from non-GAAP performance measures does not imply that these are necessarily nonrecurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure. Other entities may define the above measures differently than we do. In those cases, it may be difficult to use similarly named non-GAAP measures of other entities to compare performance of those entities to the Company's performance.

Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of the Company's financial reports with enhanced understanding of the Company's results and related trends and increases transparency and clarity into the core results of the business. Adjusted EBITDA excludes items that do not reflect, in our opinion, the Company's core performance and helps users of our MD&A to better analyze our results, enabling comparability of our results from one period to another.

Adjusted EBITDA

		Three months ended December 31,		
		2025		2024
Net profit (loss)	$	5,097	$	(976)
Share-based compensation		1,012		1,091
Restructuring expense		419		692
Depreciation and amortization		11,005		11,540
Mergers and acquisition costs		1,018		2,320
Interest expense		2,216		1,783
Income tax expense		2,048		1,350
Adjusted EBITDA	$	22,815	$	17,800
Adjusted EBITDA per share - Basic		2.00		1.51
Adjusted EBITDA per share - Diluted	$	1.99	$	1.49

Adjusted Net Profit

	Three months ended December 31,			
	2025		2024	
Net profit (loss)	$	5,097	$	(976)
Share-based compensation		1,012		1,091
Restructuring expense		419		692
Mergers and acquisition costs		1,018		2,320
Amortization of intangibles		6,384		7,334
		13,930		10,461
Income taxes related to above items		(2,160)		(2,053)
Adjusted net profit	$	11,770	$	8,408
Weighted average number of common shares - Basic		11,379,277		11,773,465
Adjusted EPS - Basic		1.03		0.71
Adjusted EPS - Diluted	$	1.03	$	0.71

Adjusted net profit in the comparative period has been amended to include the income tax effect of adjusting items. The Company believes it is appropriate to include the tax effect of adjustments in the non-GAAP measure to align with industry practice.

Operating Free Cash Flow

	Three months ended December 31,			
	2025		2024	
Cash flows generated from operating activities (free cash flow)	$	7,167	$	4,382
Adjustments:				
M&A costs included in operating activities		579		199
Change in non-cash working capital		8,014		8,479
Operating free cash flow	$	15,760	$	13,060
Operating free cash flow per share - Basic		1.38		1.11
Operating free cash flow per share - Diluted		1.38		1.10
Operating free cash flow conversion		69%		73%

Net Debt to Adjusted EBITDA

		December 31, 2025		December 31, 2024[1]
Cash	$	62,636	$	61,040
Debt facility		164,750		115,750
Net debt (net cash)	$	102,114	$	54,710
Trailing twelve month adjusted EBITDA		83,433		88,602
Net debt to adjusted EBITDA		1.2		0.6

Operating free cash flow measures the Company's cash profitability after required capital spending when excluding working capital changes. Capital expenditures are excluded as those are considered investments rather than maintenance of the business. The Company's ability to convert adjusted EBITDA[1] to operating free cash flow is critical for the long term success of its strategic growth. These measurements better align the reporting of our results and improve comparability against our peers. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. Non-GAAP measures should not be considered a substitute for or be considered in isolation from measures prepared in accordance with IFRS. Investors are encouraged to review our Financial Statements and disclosures in their entirety and are cautioned not to put undue reliance on non-GAAP measures and view them in conjunction with the most comparable IFRS financial measures. The Company has reconciled adjusted profit to the most comparable IFRS financial measure as shown above.

Risk and Uncertainties

1. Economic uncertainty including volatility in international trade
2. Acquisitions (if none available, we don't grow, we don't integrate)
3. Security breaches – cyber attacks
4. Competition within key markets
5. Availability of commodities and inflationary prices
6. Government contracts
7. Defense industry
8. Reputational and brand risks
9. Sustainability and management of recent growth
10. Access to Capital
11. Negative covenants in credit facilities
12. Availability of qualified professionals
13. Non-Performance of a key supplier or contractor
14. Senior management personnel and succession planning
15. Backlog
16. Concentration of key revenues
17. Performance on Fixed-Priced Contracts
18. Rapidly changing technologies and customer demands
19. Outsourcing/subcontracting
20. Historical pricing trends
21. Customer's ability to retain market share
22. Consolidation of customer base
23. Accounts Receivable collection risk
24. Foreign currency
25. Foreign operations
26. Dependence on Subsidiaries' Cash Flows
27. Errors and defects in technology
28. Tax consequences
29. Privacy concerns
30. Intellectual property infringement and protection
31. Manufacturing limitations
32. Use of open-source software
33. Use of licensed technology
34. Insurance sufficiency and Liability Risk Mitigation
35. Medical malpractice
36. Negotiation of facilities leases
37. Warranty and product liability claims
38. Litigation
39. Climate risks
40. Environmental and Health & Safety risks
41. Events out of the Company's control (natural disasters, war, terrorism, illness, etc.,)
42. Fraud
43. Corruption
44. Conflicts of Interest
45. Product obsolesce
46. Changes in Laws, Rules and Regulations
47. SRED or other R&D tax credits
48. Transfer pricing
49. Investment in R&D
50. Compliance with ESG reporting requirements
51. Price fluctuations of common shares
52. Dilution of common shares

A comprehensive discussion of risks, including risks not specifically listed above, can be found in the section titled "Risks Relating to the Company's Business" in our most recently filed Annual Information Form, which section is incorporated by reference herein and the AIF is available under our SEDAR+ directory at www.sedarplus.ca. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of our shares to decline. If any of the noted risks actually occur, our business may be harmed and our financial condition and results of operations may suffer significantly.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities and provisions including warranty claims, loss contracts and legal claims as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates.

Project completion for revenue

The Company enters into fixed-price contracts which can extend over more than one reporting period. Revenue from these fixed-price projects is recognized over time using the input method using management's best estimate of the costs and related risks associated with completing the projects. Management's approach to revenue recognition is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete. Specifically for certain fixed-price contracts within Defence and Space, there is significant judgement and estimation uncertainty in determining the estimated costs to complete, including materials, labour and subcontractor costs.

Impairment of goodwill and intangible assets

Determining whether goodwill or acquired intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating units of groups of cash-generating units. This is assessed through the higher of the value in use calculation and fair value less cost to dispose. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit or groups of cash-generating units, and a suitable discount rate in order to calculate the present value. The fair value less cost to dispose calculation requires estimates on earnings and market multiples.

Income taxes

The Company records deferred income tax assets and liabilities related to deductible or taxable temporary differences. The Company assesses the value of these assets and liabilities based on the likelihood of the realization as well as the timing of reversal given management assessments of future taxable income.

Intangible asset useful life

Determining the useful life of acquired intangible assets requires management to estimate the period in which the intangible assets are expected to generate future cash flows for the Company.

Judgments

Business combinations

The consideration transferred for an acquired business is assigned to the identifiable tangible and intangible assets purchased, along with liabilities assumed on the basis of their acquisition date estimated fair values. The identification of assets purchased and liabilities assumed and the valuation thereof can require specialized skills and knowledge. Where appropriate, the Company engages external business valuators to assist in the valuation of acquired tangible and intangible assets.

When a business combination involves contingent consideration, an amount equal to the estimated fair value of the contingent consideration is recorded as a liability at the time of acquisition and is measured at the estimated fair value at each subsequent reporting period. The key assumptions utilized in determining estimated fair value of contingent consideration may include probabilities associated with the occurrence of specified future events, financial projections of the acquired business including forecasted revenue and EBITDA, the timing of future cash flows, cash flow volatility and the appropriate discount rate.

Deferred income taxes

The Company's accounting policy with regards to income taxes is described in note 2 of the September 30, 2025 Annual Financial Statements. In applying this policy, judgments are made in determining the probability of whether deductions or tax credits can be utilized and related timing of such items.

Provisions

Provisions are recognized when, at the financial statement date, the Company has a present obligation as a result of a past event, and it is more likely than not that the Company will be required to settle that obligation and the cash outflow can be estimated reliably. Using best judgment, the amount recognized for provisions is an estimate of the expenditure to be incurred. Provisions are measured at their present value.

Non-current assets held for sale

The Company uses judgment in determining whether long term assets meet the criteria to be considered held for sale. This includes whether an asset is available for immediate sale in its present condition and that a sale is highly probable.

Disclosure Controls and Internal Controls over Financial Reporting

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified and passed to its Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the company’s internal control over financial reporting is the “Internal Control – Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There have been no changes to the Company’s internal controls over financial reporting during the three months ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting

On behalf of Management,

(s) Patrick Houston
Chief Executive Officer

February 11, 2026